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AGRICULTURE IN 1940

Farmers had a fairly good year in 1940. Production of farm commodities was a near-record, prices of the principal farm products -- except hogs -- averaged higher than in the preceding year, cash farm income was the largest since 1937. Costs of farm production also were slightly higher than in the preceding year, and this cancelled part of the gain in cash income.

At year's end the prospects for prices and income were somewhat better for the coming year than at the outset of 1940. Producers of the export commodities -- cotton, wheat, tobacco, and deciduous fruits -- were being adversely affected by the loss of foreign markets, but the outlook for producers of commodities consumed practically altogether within the United States was brighter. It was estimated that prices of all farm commodities combined would average higher in 1941 than in 1940, that income would be larger -- possibly the largest in more than a decade -- but that costs of farm production also would rise.

A significant development during the past year was the functioning of 7,000 land-use planning committees, organized by groups of farmers in 1,500 counties the country over, for the purpose of studying local physical, social and economic conditions, and of recommending programs of corrective action by individuals, groups, and public agencies. This is a development of the last two years, growing out of the conviction by State and Federal agricultural agencies that farmers themselves should study their own situation and work out their own problems. The land-use committees operate at community, county, and State levels. It is expected that by the end of this year committees will be functioning in all of the 3,000 agricultural counties in the United States. Community committees formulate proposals for public and private action; county committees function similarly at the county level. Findings are reported and action recommended to Federal extension and planning agencies in the United States Department of Agriculture. This development is significant at this time of need for agricultural adjustments indicated by the impact of the European War and our program for national defense.

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Production

The acreage of crops harvested in 1940 was only slightly larger than in 1939, but yields per acre averaged the highest on record. Production of 53 crops combined was 107.9 percent of the 1923-32 pre-drought average, compared with 103.9 percent in 1939, with 105.5 percent in 1938, and 112.6 percent in 1937. (Production in 1937 was the largest on record. Smallest on record for the last 22 years was in 1934 -- 71.6 percent of the pre-drought average.)

The 1940 harvested acreage of 46 crops combined was 334 million acres, compared with 326 million in 1939, and with 340 million acres average for the 10 preceding years. Principal crops produced in smaller volume than in 1939 included corn, tobacco, soybeans, and apples; in larger volume -- wheat, oats, peanuts, potatoes, and cabbage. New high records of yield per acre were set by tobacco, potatoes, peanuts, and sugar beets. Cotton averaged more than half a bale to the acre.

The good crop yields in recent years are attributed to favorable weather conditions, improved farming practices which have tended to increase soil fertility, and the better cultivation of crops. Better varieties of small grains, soybeans, and sugarcane are being used. The new flax is giving phenomenal yields in California -- 21 bushels per acre in 1940. The yield of rice has almost doubled in 40 years. A larger proportion of potatoes and fruits is being grown in areas giving the best yields per acre, and these crops are receiving better care.

PRODUCTION AS PERCENT OF 1923-1932 (PRE-DROUGHT) AVERAGE 1/

Year	22 Field Crops	18 vegetables: 8 for Processing	18 vegetables: 17 for Market	13 Fruits	53 Crops
	Percent	Percent	Percent	Percent	Percent
1919	98.3	73.4	50.2	74.6	95.1
1920	107.7	75.0	64.3	85.5	104.7
1921	91.8	50.0	58.2	60.6	88.4
1922	96.4	80.7	71.8	94.0	95.5
1923	96.9	85.8	68.4	96.3	96.0
1924	96.5	94.5	82.5	88.0	95.5
1925	100.8	128.8	83.4	88.2	99.8
1926	100.8	96.8	92.3	109.7	101.2
1927	101.1	85.6	101.9	87.0	100.0
1928	104.4	95.1	101.2	115.2	105.0
1929	99.7	117.3	114.2	88.5	99.4
1930	94.1	131.6	116.7	110.1	96.1
1931	103.9	91.3	115.6	114.8	104.9
1932	101.6	73.3	118.8	102.3	101.9
1933	87.1	79.8	107.7	99.3	88.4
1934	67.0	98.5	123.0	106.4	71.6
1935	92.5	129.7	120.3	113.2	95.0
1936	75.9	124.5	127.5	102.6	79.5
1937	109.9	146.3	130.0	137.7	112.6
1938	102.3	141.1	138.9	130.3	105.5
1939	99.8	123.8	145.0	138.0	103.9
1940	104.5	144.9	142.7	133.4	107.9

1/ Relative production as indicated by multiplying production of each crop by the 1927-32 average price, and dividing the aggregate for each year by the average aggregate of the 1923-32 (pre-drought) period.

Prices

The average of prices of farm products fluctuated within narrow limits in 1940, and at year's end the index of prices received by farmers was 101, as compared with 99 at the beginning. The period 1909-14 equals 100. The low points for the year were in June and July when the index was 95. The average for the full year 1940 was 98 as compared with 93 in 1939, with 95 in 1938, and with 121 in 1937.

Practically all of the principal farm commodities except hogs averaged higher than in 1939, with largest percentage gains being shown for corn and wool. Hogs sold down as low as $5 per 100 pounds in the summer of 1940, reflecting heavy supplies from the high record pig crop of 1939. But hog prices ended the year somewhat higher than in December 1939, and the hog supply and demand situation indicate higher prices for hogs in 1941.

The prices of principal farm products at year's end, with comparisons for preceding years, are shown in the following table. This table also shows the parity prices as of December 1940. (Parity price is the price farmers would have to receive in order that their products might have the same exchange value these products had in 1909-14). The only commodities in this list for which actual prices in December 1940 were above parity are beef cattle, wool, veal calves, and lambs.

PRICES OF FARM PRODUCTS

Estimates of average prices received by farmers at local farm markets based on reports to the Agricultural Marketing Service. Average of reports covering the United States weighted according to relative importance of district and States.

Product		5-year average August 1909-July 1914	December 1909-13	December 1939	November 1940	December 1940	Parity Price, December 1940
Cotton, lb.	cents	12.4	12.2	9.71	9.38	9.33	15.87
Corn, bu.	do	64.2	57.7	50.3	56.9	54.5	82.2
Wheat, bu	do	88.4	86.7	82.4	72.5	71.5	113.2
Hay, ton.	dollars	11.87	11.99	7.71	7.25	7.53	15.19
Potatoes, bu.	cents	69.7	62.3	70.8	52.4	54.9	86.5 1/
Oats, bu.	do	39.9	38.3	34.7	31.7	32.3	51.1
Soybeans, bu 2/	dollars	3/	3/	.97	.84	.81	1.73 1/
Peanuts, lb	cents	4.8	4.6	3.43	3.24	3.22	6.1
Rice, bu.	do	81.3	3/	72.3	72.2	76.3	104.1
Tobacco:							
Flue cured, Types 11-14, lb	do	22.9	3/	12.7	14.7	12.1	22.4 1/
Burley, Type 31, lb.	do	22.2	3/	15.4	-	17.3	21.8 1/
Apples, bu.	dollars	.96	.91	.68	.75	.86	1.23
Beef cattle, cwt.	do	5.21	5.03	6.85	7.58	7.56	6.67
Hogs, cwt	do	7.22	6.73	5.03	5.62	5.59	9.24
Chickens, lb.	cents	11.4	10.6	11.7	13.1	13.0	14.6
Eggs, doz	do	21.5	29.9	20.5	26.2	26.8	37.0 4/
Butterfat, lb	do	26.3	29.9	28.5	30.9	34.8	36.8 4/
Wool, lb.	do	18.3	18.6	27.5	31.5	31.2	23.4
Veal calves, cwt.	dollars	6.75	6.74	8.41	9.06	9.01	8.64
Lambs, cwt.	do	5.87	5.52	7.38	7.78	7.88	7.51
Horses, each.	do	136.60	132.10	77.10	69.60	69.10	174.80

1/ Post-war base. 2/ Soybeans for seed. 3/ Prices not available. 4/ Adjusted for seasonality.

INDEXES OF PRICES RECEIVED AND PRICES PAID

There was little variation in the average of prices paid by farmers for commodities used in production in 1940. The index of prices paid averaged about 122 for the year as compared with 121 in 1939, with 122 in 1938, and with 130 in 1937.

Whereas prices paid by farmers in 1940 averaged 22 percent higher than during the pre-World War base period, the prices received by farmers averaged 2 percent below that period. The ratio of prices received to prices paid was 80 percent of pre-war, compared with 77 percent in 1939, with 78 percent in 1938, and with 93 percent in 1937.

The following table gives index numbers of prices received by farmers in each month since June 1939, the index of prices paid for commodities used in the production of farm products, and the ratio of prices received to prices paid. Of significance in this table is the rise in prices received at the outbreak of the European War -- in September 1939. The index of prices went up 10 points from August to September, held fairly steady for the next few months, advanced again in February 1940, then declined during the summer of 1940, then advanced through December to a point approximately the same as in February 1940.

INDEX NUMBERS OF PRICES RECEIVED AND PAID BY FARMERS
(1910-14=100)

Year and month	Prices Received	Prices Paid	Buying power of farm products 1/
1939			
June	89	120	74
July	89	120	74
August	88	119	74
September	98	122	80
October	97	122	80
November	97	122	80
December	96	122	79
1940			
January	99	122	81
February	101	122	83
March	97	123	79
April	98	123	80
May	98	123	80
June	95	123	77
July	95	122	78
August	96	122	79
September	97	122	80
October	99	122	81
November	99	122	81
December	101	122	83

1/ Ratio of prices received to prices paid.

INCOME

Total cash farm income from products marketed and Government payments totaled 9,094 million dollars in 1940, compared with 8,540 million dollars in 1939, and with 8,072 million in 1938. Income from all the principal groups of crops except tobacco was larger in 1940 than in 1939, with returns from grains and cotton showing the greatest percentage gains. Income from meat animals and dairy products was substantially higher than in 1939, and income from poultry and eggs increased slightly.

The following table shows a division of income during the last 4 years, by principal groups of farm products:

Source of Income	1937 Mil.Dol.	1938 Mil.Dol.	1939 Mil.Dol.	1940 Mil.Dol.
All crops	3,878	3,126	3,238	3,504
Grains	1,014	810	878	995
Cotton and cottonseed	884	647	609	677
Fruits	519	376	413	426
Vegetables	645	533	582	625
Tobacco	321	294	264	241
All livestock	4,866	4,463	4,495	4,824
Meat animals	2,330	2,175	2,276	2,419
Dairy products	1,532	1,396	1,355	1,502
Poultry and eggs, including ducks & geese	832	775	732	748
Government payments	367	482	807	766
Total income including Government payments	9,111	8,072	8,540	9,094

EXPORTS - IMPORTS

United States exports of farm products increased for a few months following the outbreak of the European War in September 1939. Exports thereafter declined sharply, and the total during the first year of the war -- September 1939 through August 1940 -- was much smaller than in the like period of 1938-39. Cotton was the only commodity exported in large volume during this period. The increase being attributed largely to an export subsidy program. Exports and imports of specified commodities during the first year of the European War as compared with the immediately preceding year, are shown in the following table.

UNITED STATES: EXPORTS AND IMPORTS OF SPECIFIED AGRICULTURAL COMMODITIES, SEPTEMBER-AUGUST 1938-39 AND 1939-40, AND SEPTEMBER 1939 and 1940 1/

Commodities	Unit	September - August 1938-39	1939-40
Exports		Thousands	Thousands
Pork:			
Cured pork 2/	Lb	76,072	45,673
Other pork 3/	Lb	46,103	74,827
Total Pork	Lb	122,175	120,500
Lard, including neutral	Lb	263,932	247,037
Wheat, including flour	Bu	107,555	44,731
Apples, fresh 4/	Bu	12,035	2,920
Pears, fresh	Bu	160,047	73,311
Tobacco, leaf	Lb	447,285	301,548
Cotton, excluding linters (500 lb)	Bale	3,527	6,374
Imports			
Cattle	No	740	623
Beef, canned, incl. corned	Lb	83,132	76,055
Hides and skins 5/	Lb	296,985	331,565
Barley malt	Lb	108,516	61,279
Sugar, cane (2,000 pounds)	Ton	2,618	3,238
Flaxseed	Bu	19,164	11,866
Tobacco, leaf	Lb	60,681	64,532
Wool, excluding free in bond for use in carpets, etc	Lb	69,471	171,329

1/ Corrected to Oct. 25, 1940.
2/ Includes bacon, hams, shoulders, and sides.
3/ Includes fresh, pickled or salted, and canned pork.
4/ Includes baskets, boxes, and barrels in terms of bushels.
5/ Excludes the weight of "other hides and skins" which are reported in pieces only.

Office of Foreign Agricultural Relations. Compiled from official records, Bureau of Foreign and Domestic Commerce.

United States exports of farm commodities have continued to decline during the second year of the European War. Note especially the sharp reduction in exports of cotton as compared with exports during the first few months following the outbreak of the European War.

UNITED STATES: EXPORTS AND IMPORTS OF SPECIFIED AGRICULTURAL COMMODITIES
September-November and November 1939 and 1940 1/

Commodities	Unit	September - November 1939	September - November 1940
Exports		Thousands	Thousands
Pork			
Cured pork 2/	Lb	10,576	3,348
Other pork 3/	Lb	12,489	7,711
Total Pork	Lb	23,065	11,059
Lard, including neutral	Lb	69,491	30,383
Wheat, including flour	Bu	14,477	11,536
Apples, fresh 4/	Bu	1,715	328
Pears, fresh	Lb	52,222	9,004
Tobacco, leaf	Lb	98,440	25,133
Cotton, excluding linters (500 lb)	Bale	2,236	457
Imports			
Cattle	No	143	153
Beef, canned, including corned	Lb	25,919	10,493
Hides and skins 5/	Lb	76,595	95,924
Barley malt	Lb	19,766	8,978
Sugar, cane (2,000 lb)	Ton	719	599
Flaxseed	Bu	2,008	1,821
Tobacco, leaf	Lb	16,215	15,899
Wool, excl. free in bond for use in carpets, etc.	Lb	33,807	64,035

1/ Corrected to December 28, 1940.
2/ Includes bacon, hams, shoulders, and sides.
3/ Includes fresh, pickled or salted, and canned pork.
4/ Includes baskets, boxes, and barrels in terms of bushels.
5/ Excludes the weight of "other hides and skins" which are reported in pieces only.

NOTE. -- Office of Foreign Agricultural Relations. Compiled from official records, Bureau of Foreign and Domestic Commerce.

FARM MORTGAGE DEBT

There was a slight decrease in total farm mortgage debt during the past year, the debt now standing at slightly less than 7 billion dollars. This is the smallest figure since the year 1918. It compares with the high record of nearly 11 billion dollars in the early 1920's. Farm mortgage debt has been reduced markedly during the last ten years, but is still much higher than in the years immediately preceding the World War a quarter century ago. Of the total mortgage debt as of November 30, last, the Farm Credit Administration held approximately $2,500,000,000. The increases and decreases in farm mortgage debt in the last three decades are shown in the following table:

Estimated Farm-Mortgage Debt, Jan. 1, 1910-39

YEAR	Farm-mortgage debt	
	AMOUNT	INDEX (1910-14=100)
	Million Dollars	Percent
1910	3,208	81.3
1911	3,522	89.3
1912	3,929	99.6
1913	4,352	110.3
1914	4,712	119.4
1915	4,994	126.6
1916	5,259	133.3
1917	5,828	147.7
1918	6,541	165.8
1919	7,142	181.1
1920	8,449	214.2
1921	10,198	258.5
1922	10,660	270.2
1923	10,751	272.5
1924	10,647	269.9
1925	9,913	251.3
1926	9,726	246.6
1927	9,671	245.2
1928	9,765	247.6
1929	9,761	247.4
1930	9,631	244.2
1931	9,462	239.9
1932	9,213	233.6
1933	8,638	219.0
1934	7,887	199.9
1935	7,786	197.4
1936	7,639	193.7
1937	7,390	187.3
1938	7,214	182.9
1939	7,071	179.3
1940	6,910	175.2

FARM REAL ESTATE VALUES

Farm real estate per acre is about 15 percent higher now in value as a national average than at the bottom of the economic depression in 1932. Values have changed imperceptibly in the last four years, and now stand as an index figure for the entire country about 15 percent below the 1912-14 pre-World War average. Relatively highest values are shown in the East South Central, the Pacific, the South Atlantic, and the New England States.

The following table gives the figures for the last year of record (1940), the low (1933) and the high (1920) years since the beginning of the record dating back to 1912:

Farm Real Estate: Index numbers of estimated value per acre, by geographic divisions, 1912-39 1/

1912-14 = 100 percent

	1920	1933	1940
United States	170	73	85
Geographic divisions:			
New England	140	105	106
Middle Atlantic	136	82	90
East North Central	161	62	78
West North Central	184	64	67
South Atlantic	198	80	107
East South Central	199	79	112
West South Central	177	82	99
Mountain	151	69	76
Pacific	156	96	108

1/ All farm land with improvements as of March 1.

WHEAT

Wheat supplies in the United States for the year beginning July 1940 have been estimated at 1,101 million bushels, or about 100 million bushels more than in 1939. Stocks of old wheat on July 1, 1940 (284 million bushels) were about 35 million bushels above a year earlier, and the 1940 production (817 million bushels) was about 65 million bushels above production in 1939. Prospects are for exports to foreign countries and shipments to possessions together to total between 20 and 25 million bushels, and for domestic disappearance to total 685 million bushels. On the basis of these figures, there would be about 400 million bushels for carry-over on July 1, 1941, or upwards of 100 million bushels above the carry-over last July.

The preliminary indication of 1941 production of winter wheat, according to the Crop Reporting Board, is 633 million bushels. There has been no indication of the prospective acreage or production of the 1941 spring wheat crop, but if an increase about equal to the increase in winter wheat acreage should be made by spring wheat growers, and average yields are obtained, production of spring wheat would total about 200 million bushels. With domestic disappearance averaging about 700 million bushels, about 130 million bushels would be available for export or addition to carry-over on July 1, 1942.

World wheat supplies -- excluding the U.S.S.R. and China -- for the year beginning July 1940, are about 60 million bushels more than for the preceding year. Increases in the carry-over stocks July 1940 more than offset the estimated decrease in production. World stocks of old wheat were estimated at about 1,420 million bushels, or about 215 million bushels above a year earlier. World wheat production is estimated at 4,115 million bushels, or about 155 million bushels

less than in 1939. World wheat stocks in July 1940 were the largest on record, and with world trade restricted by war conditions, it is expected that world stocks July 1941 will be even larger. Total world trade in 1940-41 is expected to be about 400 million bushels, or about 150 million bushels less than the average in recent years.

United States wheat acreage allotments under the Agricultural Adjustment Act of 1938 became effective for the first time in 1939, and seeded acreage declined from 79.6 million acres for the 1938 crop to 63.5 million acres for the 1939 crop and to 62.4 million acres for the 1940 crop. The loan program has operated to raise prices in the United States about 25 cents per bushel above world prices in 1940-41. In the previous two years, when loans were also provided, prices advanced so that farmers were able to sell practically all wheat under loan. Growers who kept within their acreage allotments in 1940 also received conservation and parity payments aggregating about 18 cents per bushel on the normal yield of their alloted acreage.

COTTON

The world carry-over of American cotton at the beginning of the 1940-41 marketing season totaled 12-2/3 million bales of which 69 percent was owned or held as collateral by the Government and 15 percent which was held privately in the United States. The remaining 16 percent was in foreign countries. Compared with a year earlier the total carry-over of American cotton and the carry-over of American cotton in the United States, both privately and Government held, declined. The quantity held in foreign countries, however, increased over the exceptionally low level of a year earlier largely as a result of the American Export Payment Program. The 1940 cotton crop of 12-1/2 million bales makes a total world supply of American cotton of 25-1/4 million bales for the current season which is slightly under the supply in either of the 2 preceding years. By the end of December over one-fifth of the 1940 crop had been placed under Government loan.

Cotton consumption by domestic mills was higher in each of the first 5 months of the current season than in any of the corresponding months on record. Present indications are for consumption to total 8-1/2 to 8-3/4 million bales for the season which will be materially above the record reached in 1936-37 when it was just under 8 million bales. This high level of consumption is in part a result of the larger consumer incomes and generally improved business activity accompanying the Government's national defense program. Direct Government purchases and distribution of cotton and cotton textiles for defense and relief, and various promotional activities are also contributing factors.

Exports of American cotton from August through December totaled 603 thousand bales which is only a fifth of the exports during the same period last

season. Exports to the United Kingdom which include a high porportion of barter cotton accounted for about one-half of the total exports. The second largest customer was Russia which took 139,000 bales. This is the first season since 1934-35 that Russia has purchased as much as a thousand bales of American cotton. Other exports include 77,000 bales to Canada, 30,000 to Japan, and much smaller quantities to several other countries. During the first 5 months of the current season exports were smaller than at any time since 1868 and it is doubtful if exports this season will total more than 1-1/4 to 1-1/2 million bales. Factors responsible for this low level of exports include: (1) The blockade which has cut off exports to the Western continental European countries; (2) a low level of cotton consumption in countries outside the blockaded areas; (3) price disparities which weaken the competitive position of American cotton in foreign markets; and (4) shortage of shipping space.

At the beginning of the current season the average spot price of Middling 15/16" cotton in the ten markets was 10.24 cents which is the highest recorded thus far this season. Prices declined to 9.27 cents in mid-October since which time they have increased rather steadily to 10.22 cents when this statement was prepared on January 10. With the exception of the day when the price fell to 9.27, the price has remained above the average Government loan rate of 9.30 cents in the ten markets.

TOBACCO

Income from farm marketings of tobacco for the calendar year 1940 was about 5 percent smaller than during 1939, because of smaller returns from the flue-cured crop. The flue-cured crop totaled only 734 million pounds, compared with 1,159 million in 1939, but prices were only slightly higher. Prices for all types combined in 1940 maintained about the same levels as in 1939.

The supply situation continues to be marked by the record flue-cured crop of 1939; a Burley crop larger than indicated disappearance; an increase in stocks of dark types, with little change in production in the face of generally declining usage; and sharply increased stocks of Maryland leaf. Stocks of cigar types are generally higher.

The principal feature of the demand situation has been the markedly smaller exports of flue-cured tobacco to Great Britain, and the practical closure of the continental European market to exports of dark tobaccos and Maryland leaf — both developments resulting from the war.

That prices have been maintained at 1939 levels has been largely due to smaller crops and more particularly to purchases by the Commodity Credit Corporation of flue-cured tobacco in quantities normally exported, and loans by the same organization to cooperatives of dark tobacco growers.

The Agricultural Adjustment Administration was empowered by growers' referenda held in 1940 to conduct production control programs during the 1941-43 seasons for flue-cured, Burley, dark-fired tobaccos, One Sucker and Green River. The results of the 1940 programs were not so great as had been expected, due to record breaking flue-cured yields of about 980 pounds to the acre, and Burley yields only exceeded twice since 1924. Other yields were also high, those for

fire-cured only exceeded by the 1934 and 1939 crops, for Maryland not equaled since 1926, and for dark air-cured far above the 1930-39 average.

Domestic consumption of tobacco products continues on a high level. Cigarettes, with about a 5 percent increase over the record 1939 consumption, showed the most significant change. Cigar consumption increased slightly, smoking tobacco and snuff showed little change, and chewing types declined slightly.

Export demand is erratic, but definitely below normal levels of recent years. For the first eleven months of 1940, flue-cured exports were 70 percent of 1939 exports for the same period, and 46 percent of January-November figures for 1938. The same 11-month comparisons for dark tobaccos show 1940 exports at 60 percent of 1939, and 54 percent of 1938, levels; Maryland exports are 25 percent of 1939 and 32 percent of 1938 figures.

FEED

Supplies of all kinds of feed in 1940 relative to the number of livestock to be fed were above average for the third successive year. A considerable part of the feed grain supply, however, was under seal during the entire year, which limited the supply of grains available for feeding and reduced the disappearance of these grains in relation to the total supply. Supplies of hay were well above the 1928-32 average throughout the year. The supply of high-protein feed was much above average, and production of wheat millfeeds was larger than in most of the past few years. The number of livestock on farms at the beginning of the year was near the 1928-32 average, but declined about 4 percent during the year, since feed prices were generally high relative to livestock prices.

Stocks of corn on January 1, 1940 totaled 2,066 million bushels, the largest supply in over 15 years. Of this total supply, however, about 550 million bushels were under seal by April 1, and total supplies of unsealed corn were not much above average. The acreage of hybrid corn was again increased in 1940 and it was estimated that about one-half of the total acreage in the North Central States was planted to hybrids. The increasing acreage of higher yielding hybrids has made it possible to maintain corn production on a smaller total acreage. Supplies of oats and barley were small relative to corn supplies during the first half of 1940, but the 1940 crops of these grains were large, and supplies were large during the last half of the year. The supply of high-protein feeds during 1940 was at a record level. Large supplies of these feeds have been made available by increased production of soybeans and flaxseed, and by reduced exports. Supplies were again liberal during 1940. The 1940 crop was about the largest on record. Supplies of hay were above average during the first half of the year and much above average during the last part of the year.

The effect of the war on exports for feeds became evident during 1940. Aside from the 25 million bushels of corn exported under subsidy, there has been little feed exported since early in the year.

The price of corn has been considerably higher during most of 1940 than in 1939. The higher price received for corn may be attributed largely to the corn loan program, which has supported corn prices. Oats and barley prices during the first half of 1940 were higher than in the preceding year, but, since the harvesting of the larger crops this year, prices of these grains have been about the same as or a little below prices during the corresponding period of 1939. Hay prices declined during 1940 but for the entire year they averaged a little higher than in 1939.

HOGS

Nineteen forty was a year of large marketings and relatively low prices of hogs. The 1940 pig crop was not so large as the record crop of 1939, but the number of pigs marketed during the year was one of the largest on record. Market supplies of hogs, reflecting the large number of pigs raised in 1939 and the early market movement of the 1940 spring crop, were materially larger than a year earlier in each month of 1940. Slaughter of hogs under Federal inspection for the entire year, totaling 50.4 million head, was 21 percent larger than in 1939 and the largest inspected slaughter since 1925. Because of reduced exports of hog products during the past few years, the total supply of pork and lard available for domestic consumption during 1940 was materially larger than any other year on record.

After declining sharply in late 1939, hog prices (average of all hogs at Chicago) remained near the $5.00 level for several months. They advanced irregularly during the spring and summer and reached the peak for the year of around $7.25 in early September. Hog prices then weakened moderately during the fall and early winter, but in the final 2 weeks of the year advanced to near the September peak. Ordinarily hog prices decline fairly sharply from September to December as marketings increase seasonally. Domestic consumer demand conditions improved markedly during the last half of 1940, however, and this was a strong price supporting factor during the period of heavy fall marketings. The average price received by farmers for hogs in 1940 was about $5.50, compared with $6.25 in 1939 and $9.50 in 1937. Cash farm income from hogs in 1940 was about 5 percent larger than a year earlier, the increase in marketings more than offsetting the decline in prices.

The sharp decline in hog prices in late 1939 was accompanied by a moderate rise in prices of corn. Consequently, the ratio of hog prices to corn prices also was reduced sharply, and it remained unfavorable for hog production throughout 1940. This was reflected in a substantial reduction in the number of pigs raised during the year. The 1940 spring pig crop was 9 percent smaller than the spring crop of 1939 and the 1940 fall crop was 13 percent smaller than that of a year earlier. The total number of pigs raised during the year was 77.0 million head, compared with the near record number of 85.9 million head in 1939. Despite the substantial reduction in the spring pig crop, about 20 percent more hogs were marketed during the 3 months October-December (the first 3 months of the marketing season) than in the corresponding period of 1939. This means that the proportion of the spring crop marketed before January 1 was much larger than usual. The early market movement of the 1940 spring pig crop appears to have been due largely to the unfavorable ratio of hog prices to corn prices during the year.

Exports of hog products during 1940 were smaller than in 1939. Shipments abroad totaled approximately 100 million pounds of pork and 200 million pounds of lard. The war in Europe has resulted in a decrease in exports of pork and lard instead of an increase. Exports to Europe were cut off by the British blockade, and Great Britain has taken only small quantities since March 1940. Consumption of pork has been restricted in Great Britain, and Canadian exports to that country have been at record levels in the past year. An increasing proportion of British requirements for fats is being supplied by vegetable oils and whale oils, and this has reduced British takings of American lard.

CATTLE

Marketings of slaughter cattle and calves during 1940 were a little larger than a year earlier. Slaughter of cattle under Federal inspection during the year totaled 9,762,000 head, a little over 3 percent more than in 1939. Inspected calf slaughter totaling 5,337,000 head was about 1 1/2 percent greater than a year earlier. Information available for the first 11 months of 1940 indicates that total marketings of cows and heifers for slaughter during 1940 were again smaller than a year earlier, as farmers and ranchmen continued to hold back breeding stock for herd building purposes. Slaughter of steers, however, was around 7 -- 8 percent larger than in 1939, and larger than in any of the past 20 years.

The movement of stocker and feeder cattle into the Corn Belt during the late summer and fall (July-November) of 1940 was not greatly different from a year earlier, when such shipments were the largest in 15 years. Feeder cattle cost farmers a little more this fall than last. The average price of feeder steers at Kansas City during the July-November period was about $8.50, compared with $7.85 in the corresponding months of 1939.

Prices of slaughter cattle held fairly steady during the first half of the year at a level not greatly different from that of a year earlier. In the last half of the year, however, the trend in cattle prices was mostly upward, reflecting chiefly the marked improvement in consumer demand conditions after mid-year. Prices of the upper grades of slaughter cattle advanced somewhat more than the usual seasonal amount during the late summer and early fall, and this gain was well maintained throughout the remainder of the year. Prices of choice and prime grades of beef steers at Chicago advanced from around $10.00 in late June to $14.00 in early December, the highest level reached since October, 1937. Prices of the lower grades of slaughter cattle declined relatively little during the last half of the year.

The average price received by producers for beef cattle in 1940 was about 40 cents higher than a year earlier, and preliminary estimates of cash income received by producers for cattle and calves during the year show an increase of around 6 -- 7 percent over 1939. It will be the largest cash farm income from cattle and calves since 1929.

The total number of cattle and calves on farms and ranches on January 1, 1940 was 68.8 million head. Cattle numbers have been increasing since 1938, following the sharp reduction during 1934-37. Present indications are that the increase in cattle numbers during 1940 will amount to about 2 million head. This will raise the total number of cattle and calves on farms and ranches on January 1, 1941 to around 70.8 million head, compared with the peak of 74.3 million head for 1934 and the 1938 low point of 66.1 million head. Barring severe drought, the upward trend in cattle numbers probably will continue during the next 2 or 3 years, and it is likely that the 1934 peak will be exceeded before a cyclical downswing in numbers gets under way.

SHEEP AND LAMBS

The 1940 lamb crop, totaling 32,729,000 head, was 3 percent larger than that of 1939 and was the largest crop on record. The increase in the lamb crop in 1940 over 1939 was mostly in Texas, the leading western sheep State. The total crop in the other Western sheep States was a little smaller than in 1939, while in the Native sheep States the crop was only slightly larger.

The number of stock sheep on farms and ranches in the United States at the beginning of 1940 was about 1 percent larger than the number a year earlier, and the number at the beginning of 1941 may be a little larger than on January 1, 1940. Although the number on January 1, 1940 was the largest for many years, numbers have not fluctuated greatly for the country as a whole in the past 10 years, ranging from a low of 46.4 million head to a high of 48.5 million head.

From 1923 to 1931, sheep numbers increased sharply in nearly all areas; for the entire country the increase was about 50 percent. After 1931, numbers continued to increase in Texas, but there was a moderate decrease in the other Western States. In the Native sheep States sheep numbers have increased slightly since 1931.

Prices of slaughter lambs held fairly steady during 1940, and in the last half of the year they were higher than in the corresponding period of 1939. Slaughter supplies of sheep and lambs in 1940 were a little larger than in 1939. And in the first half of 1941, supplies probably will be larger than a year earlier reflecting the increase in the 1940 lamb crop over that of 1939. Supplies during the last half of 1941 will depend chiefly upon the size of the 1941 lamb crop; unless weather and feed conditions at lambing time are unfavorable the 1941 lamb crop probably will equal or exceed the crop of 1940.

Prices of lambs in recent months have been supported by the stronger consumer demand for meats and the higher prices for wool resulting primarily from the national defense program. Consumer demand for meats in 1941 probably will be stronger than in 1940. The effects of this improvement in demand upon prices of lambs probably will more than offset the effects of any increase in marketings of slaughter lambs. Lamb prices in 1941 therefore are expected to average higher than in 1940.

Cash farm income from sheep and lambs in 1940 probably was a little larger than the 180 million dollars estimated for 1939. Income from sheep and lambs in 1940 was the largest or second largest since 1929. With slightly larger marketings and higher prices expected in 1941, cash farm income from sheep and lambs is expected to be greater than in 1940.

WOOL

Wool prices have been stimulated more by the war and the defense program than prices of most other farm products. Following the outbreak of the war in September 1939, wool prices rose sharply as the demand for wool in foreign countries increased. The inauguration of the national defense program in late May 1940 was followed by large Army orders for wool goods, and wool prices again advanced. In mid-December 1940 the United States average price of wool received by farmers was 31 cents per pound compared with 26 cents last April and 22 cents in August 1939 before the war.

The annual production of apparel wool in the United States in most years is less than our annual mill consumption, and as a consequence, considerable quantities of apparel wool are imported. In addition practically all of the carpet wool used in this country is imported.

Stocks of apparel wool were relatively low at the beginning of the 1940 wool marketing season in April. Shorn wool production in 1940 was a little larger than in 1939 and was the largest on record. Total production of shorn and pulled wool in 1940 was about 450 million pounds. But mill consumption for the year beginning April 1, 1940 is expected to be 700 million pounds, or larger. Contracts placed by the United States Army for wool goods for delivery from July 1, 1940 to August 1, 1941 will require for manufacture approximately 240 million pounds of wool, grease basis.

The large requirements for the Army and good civilian demand have made necessary a considerable increase in imports of wool. Imports of apparel wool in the first 11 months of 1940 totaled 182 million pounds. These imports were 100 million pounds greater than for the corresponding period of 1939 and were the largest since 1923.

Mill consumption in the United States during 1941 will continue large, probably larger than in 1940. The strong domestic demand along with a strong demand in Great Britain and the British policy of maintaining prices for wool produced in the British Empire countries probably will result in a higher average price for wool in the United States in 1941 than in 1940. Imports into the United States will continue large and recent increases in ocean freight rates and other shipping costs also will tend to support domestic prices.

Advances in wool prices from the levels of late 1940, however, are likely to be moderate. Although domestic demand for wool will be stronger than for many years, supplies of wool in foreign countries available for export to the United States are large. Prior to the war, the countries of the European continent imported about half of all wool entering international trade. Shipments to the Continent have been largely cut off by blockade, and the United States, Great Britain, and Japan are now the chief markets for wool exports from the Southern Hemisphere.

DAIRY

For the dairy industry 1939 was the turning point at the bottom of a depression, and 1940 was a year of marked improvement. Prices paid to producers for dairy products in 1940 averaged 9 percent higher than in 1939, while the volume of milk produced in 1940 was about 2 percent higher than in the preceding year. Cash farm income from the sale of dairy products in 1940 was approximately $1,500 million, and not greatly different than in 1937, which was the highest in the past decade.

The index number of prices paid to producers for dairy products in 1940 was 113 percent of the 1910-14 average. This compares with 104 in 1939, 109 in 1938, and the recovery peak of 124 in 1937.

Milk production on farms in 1940 established a new high of approximately 111 billion pounds, exceeding the previous record in 1939 by about 2 percent, and the 1924-29 average by 20 percent. On a per capita basis milk production in 1940 was the highest for the 16 years of record.

The increase in milk production from 1939 to 1940 was due in part to the increased number of cows and in part to slightly higher production per cow. The number of cows on farms increased about 1 percent in 1938, an additional 1 percent in 1939, and in 1940 the increase was probably 1.5 to 2.0 percent. Farmers saved a relatively large number of heifer calves in 1940. The number of young stock on farms is more than enough to provide for normal replacements to dairy herds during the next 2 years. Thus, further increases in cow numbers appear in prospect.

The increase in milk production from 1939 to 1940 of about 2 billion pounds was utilized primarily in the production of manufactured dairy products. During the first 11 months of 1940 production of creamery butter was 2 percent

larger than in the same period of 1939, cheese 10 percent larger and evaporated milk 15 percent larger. For 1940 the production of each one of these products, as well as ice cream, will probably establish new highs.

Total consumption of dairy products in 1939 was the highest on record and some further increase in 1940 seems probable. Ice cream and evaporated milk are the products which will show the most striking percentage increases.

The war so far probably has aided dairymen more than it has harmed them. The stimulation to industrial employment and payrolls by the export of war materials and our defense program has provided a better domestic market for milk products. The war has curtailed imports of cheese and stimulated our exports of dairy products, at a time when that trade had declined to a very low level.

The possible expansion in exports, however, is of minor importance to our dairy farmers as compared with the general trend of prices, employment and payrolls in this country. Dairying is essentially a domestic industry. As the buying power of urban families improves, the dairy industry also tends to improve.

FATS AND OILS

The fats and oils situation in 1940 was characterized by marked increases in the domestic production of lard, tallow, greases, flaxseed, and peanuts, by a pronounced shrinkage in the export market for lard, and by the piling up of supplies of competing fats and oils in surplus-producing countries cut off by the war from the important continental European market. Except for a few items, notably butter and linseed oil, prices of domestic fats in 1940 were the lowest since 1933-34.

Production of all fats and oils from domestic materials in 1940 totaled about 8.8 billion pounds compared with 8.2 billion pounds in 1939, and was the largest on record. Both imports and exports were reduced, but the reduction in imports was substantially larger than that in exports. Exports probably would have been increased in 1940 if the continental European market had remained open to world trade, and if the United Kingdom had not been forced by the necessity of conserving dollar resources to secure most of its needed fat supplies from Empire and Allied sources. Domestic consumption of fats and oils in 1940 was about equal to the record consumption in 1939, when it totaled over 9.6 billion pounds.

Although the foreign market situation may show no improvement in 1941, prices of most domestic fats and oils are expected to advance moderately. Lard prices are likely to rise relatively more than prices of other edible fats. Domestic demand for fats and oils in 1941 will be strengthened by increased industrial activity and consumer income. Not much change is expected in the total fat supply situation. Because of a downtrend in the hog-production cycle, production of lard and greases in 1941 may be 15-20 percent smaller than in 1940. But production of cottonseed, soybean, peanut, linseed, and other domestic vegetable oils is likely to be increased.

FRUITS

The production of 15 important fruits totaled 13.8 million tons in 1940 compared with the large crop of 14.4 million tons in 1939, and the 1934-38 average of 12.6 million tons. A smaller production of deciduous fruits in 1940 was partially offset by an increased output of citrus.

Prices received by farmers for 15 important fruits from January through April were in general below comparable prices in 1939 as a result of a larger fruit crop and a smaller volume of fruit exported. Since May of this year farm prices of fruits have averaged slightly to moderately higher than a year earlier. A smaller fruit crop during these months, large purchases of certain fruits by the Surplus Marketing Administration, and rising consumer purchasing power were largely responsible for these relatively higher prices. These factors more than offset the depressing effect on prices of the reduced export demand.

The virtual loss of the European market for fruit exports in 1940 presented those fruit growers who normally exported a large proportion of their product with a serious marketing problem. In the past, Europe comprised the principal outlet for fruit exports from the United States. The near complete loss of export outlets for apples and pears would have depressed their respective prices considerably if the Surplus Marketing Administration had not purchased large quantities of these fruits during 1940. At the beginning of the 1940 season programs were set up whereby the Administration would purchase large quantities of export varieties of apples and pears. This action was taken with the intent of removing from domestic commercial trade channels quantities of fruit equal to what ordinarily would have been exported, and thereby prevent prices from falling to unduly low levels.

The pack and total supply of dried fruits in 1940 were smaller than a year earlier, but the sharp decline in export prospects made it necessary for the Surplus Marketing Administration to stand ready to purchase large quantities of dried fruits, particularly raisins and prunes, and for the Commodity Credit Corporation to provide loans on that portion of the pack which normally would have been exported.

The citrus crop produced from the bloom of 1939 was marketed largely in 1940. In the latter part of January the estimated production of citrus from the bloom of 1939 was reduced sharply as a result of severe freeze damage in Florida and Texas. Prices of oranges and grapefruit rose sharply immediately after the extent of the freeze damage was recognized.

VEGETABLES

The production of potatoes, dry edible beans, and commercial truck crops in 1940 was larger than in 1939, but the production of sweetpotatoes was smaller. Although there were increases in the acreage for harvest for all these crops except sweetpotatoes, the increases in production were due largely to substantial increases in yields per acre, resulting from generally favorable growing conditions in 1940.

The acreage of potatoes was increased slightly in 1940 over 1939 in nearly all of the major producing areas, and yields averaged substantially higher. As a result United States production totaled 398 million bushels in 1940 or about 35 million more than in 1939. This larger supply of potatoes more than offset the influence of rising consumer purchasing power and caused prices and cash income received by growers to be somewhat lower. Prices and cash income from potatoes were particularly low in the latter half of 1940.

A smaller acreage and reduced yields in 1940 resulted in a small sweetpotato crop (62 million bushels) compared with that of recent years. The crop was particularly small in the important Atlantic Coast and South Central States. This smaller supply together with improved consumer demand resulted in somewhat higher prices in 1940 than in 1939.

Anticipating an increased export demand for dry edible beans in the 1940 season, producers increased their plantings of beans, which with favorable yields resulted in the largest crop on record. Production was increased despite the fact that the carry-over was relatively large, and as a result the commercial supply of beans in 1940, totaling 19.5 million bags, is also the largest on record. It is about 5 million bags larger than the maximum total disappearance of beans in recent years. This large supply more than offset the improvement in demand,

and resulted in prices somewhat lower than those of the fall of 1939. Exports this season are not expected to be as large as the record large movement last season because of the blockade of the western European markets.

The total acreage of commercial truck crops for fresh market shipment decreased about 4 percent to 1,691,000 acres in 1940 from the record high level of 1,753,000 acres in 1939 but remained about 8 percent above the 1929-38 average. There was little change from a year ago in the total acreage in the North Central and Atlantic Coast groups of States but there were material decreases in the South Central and Western groups. Although the decreases in acreage were quite general, there were slight increases in the acreage of artichokes, asparagus, cabbage, carrots, cauliflower, and celery.

Although there was a smaller total acreage of market vegetables in 1940, the tonnage produced, totaling 6,780,000 tons, was a new high record. Higher yields per acre resulted in an increase of nearly 2 percent over production a year earlier. The 1940 tonnage was about 16 percent larger than the 10-year (1929-38) average of 5,841,000 tons. Larger tonnages of asparagus, beets, cabbage, carrots, cauliflower, celery, and watermelons more than offset decreases in the other important truck crops. On a regional basis total production was larger in the North Central and Atlantic Coast groups of States but somewhat smaller in the South Central and Western groups.

Despite the larger output of market truck crops in 1940, prices to growers averaged slightly higher (about 3 percent) than in 1939. The higher level of prices resulted largely from a considerable improvement in consumer buying power. With both production and prices higher than in 1939, the total cash income from the market truck crops produced in 1940 was up slightly more than 5 percent. This larger income received from crops grown on a smaller acreage resulted in the

highest return per acre since 1930. It averaged $127.87 per acre in 1940 compared with $117.13 in 1939, $94.04 in 1932 (the lowest level of the depression period) and $140.96 in 1930.

The acreage of truck crops harvested for processing was increased 17 percent in 1940 over the relatively small acreage harvested in 1939. Carry-over stocks of most canned vegetables were at relatively low levels in the spring of 1940, and this encouraged processors to contract for larger acreages. The increase in 1940 marks the first of a probable 3-year period of acreage increases, if the processing industry follows past experience. The acreage of these crops was decreased from the record high level of 1,564,000 acres in 1937 in two successive seasons to a cyclical low of 1,139,000 acres in 1939. The acreage in 1940 totaled 1,333,000 acres.

Although yields per acre in 1940 were generally slightly below those of a year earlier, the substantial increase in acreage resulted in a larger total output of processing truck crops. A total of 3,729,000 tons was produced compared with 3,388,000 tons in 1939 and 3,841,000 tons, the record high tonnage of 1937.

As is usually the case when acreage and production of the processing vegetables are increased, prices received by producers were advanced somewhat. Prices in 1940 averaged about 5 percent higher than in 1939. The higher prices received for the larger tonnage resulted in a 16 percent increase in cash income from these crops. Because of the slightly lower yields per acre, however, the returns per acre average only $46.85 compared with $47.33 in 1939. Except for the higher returns in 1939, the 1940 returns per acre were the highest since 1930 when the average was $51.68.

POULTRY AND EGGS

Farm production of eggs in 1940 of about 108 million cases (30 dozen per case) was 2 percent larger than the 1939 production and with the exception of the 108.5 million cases produced in 1930 is the largest annual production on record. The output of eggs in 1940, however, was produced with about 9 percent fewer layers than were on farms in 1930. The Surplus Marketing Administration supported farm egg prices in 1940 to some extent by purchasing 2,317,303 cases of eggs or about 2 percent of the total eggs produced on farms in that year. But, with the exception of February, prices received by farmers for eggs were lower than a year earlier in every month until September. At that time the effects on prices of the larger consumer incomes apparently began to more than offset the effects of the record large monthly egg production and egg prices were higher than a year earlier during the remainder of the year. As a result of the higher egg prices toward the close of the year, farmers culled their flocks less closely and more layers were on farms at the end of the year than ordinarily would be expected following a reduction of 12 percent in the number of chickens raised. Cash farm income from eggs in 1940 was slightly larger than in 1939.

The 12 per cent smaller number of chickens raised on farms in 1940 than in 1939 was supplemented by very heavy commercial broiler production in early 1940 and by large inventories of live poultry on farms carried over from 1939. Weekly receipts of dressed poultry at principal markets during 1940 averaged larger than a year earlier and total storage stocks of all poultry at the end of the year were the largest on record.

The average price received by farmers for chickens was considerably lower than a year earlier during the early months of 1940. But with some reduction in supplies of chicken meat and the continued improvement in consumer demand, chicken

prices rose relative to the 1939 prices and were higher than a year earlier during the last half of the year. However, chicken prices for the year as a whole averaged lower than in 1938. Cash farm income from chickens during 1940 was somewhat smaller than in 1939.

Early fall indications showed that the number of turkeys being raised in 1940 was about 1 percent larger than in 1939. But the severe storm in early November killed a million birds, or more, and the total number produced during the year is estimated to be slightly smaller than in 1939. However, total farm marketings of turkeys during 1940 probably were little different from a year earlier since a large inventory of live birds was carried over into 1940 from the year before and late in 1940 farmers indicated they would carry fewer of the 1940 turkey crop over into 1941. At the beginning of 1940 storage stocks of turkeys were 30 million pounds larger than a year earlier and were the largest on record but the summer and early fall consumption of such turkeys was unusually heavy and storage stocks on November 1 were only 6 million pounds larger than a year earlier. However, storage stocks of turkeys again increased during November and December and at the end of the year were larger than at the close of 1939.

Prices received by farmers for turkeys were considerably lower than a year earlier during the first part of 1940 but in early summer the price began a substantial improvement and by December was higher than a year earlier for the first time in nearly 2 years. Cash farm income from turkeys during 1940 was considerably larger than in 1939, and cash income from all poultry products in 1940 is indicated to be slightly larger than in 1939.

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